

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0995-01  
Bill No.: HB 861  
Subject: Economic Development; Housing; St. Louis.  
Type: Original  
Date: April 4, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development - Missouri Housing Development Commission (MHDC)** state this bill authorizes the St. Louis Land Clearance for Redevelopment Authority to issue up to \$20 million in bonds for urban renewal projects in St. Louis. This bill also requires the MHDC to issue \$20 million in bonds to match the bonds issued by St. Louis LCRA for urban renewal projects.

The MHDC assumes that all of the costs of issuing the bonds will come from the proceeds of their bond sale. The MHDC also assumes that the financing stream to repay the MHDC bonds will be secured and repaid from the loans made to urban renewal projects. Therefore, there is no fiscal impact to either the State or MHDC.

Officials from the **City of St. Louis** assume this proposal would have no fiscal impact on them. They state that the underlying project would be responsible for the repayment of the bonds, not the City or the State

**Oversight** assumes these additional authorized bonds will be repaid from revenue generated from the various projects that are funded with the proceeds. Oversight assumes there will be no net fiscal impact to either the state or local governments.

Oversight also assumes that even though the bonds may state that the state, county or municipality shall not be liable for these bonds or notes, the possibility exists that the state may eventually repay all or part of these loans if the future revenue is less than anticipated. Total principal and interest of \$20 million in bonds, at 8 percent interest for 20 years would be \$40,740,884.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal allows the Land Clearance for Redevelopment Authority (LCRA) and the Missouri Housing Development Commission to each issue up to \$20 million in additional bonds for approved LCRA projects. The additional bonds can be used for purposes pertaining to the:

- (1) Land Clearance for Redevelopment Law;
- (2) Neighborhood Improvement District Act;
- (3) Renovation of residences in certain cities for persons of low and moderate income;
- (4) Community Improvement District Act;
- (5) County housing bonds; and
- (6) Urban Redevelopment Corporations Law.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Missouri Housing Development Commission  
City of St. Louis



Jeanne Jarrett, CPA  
Director

April 4, 2001